

## Message Text

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ORIGIN NEA-10

INFO OCT-01 EUR-12 ISO-00 L-03 EB-08 COME-00 TRSE-00  
JUSE-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 NSAE-00  
NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 STR-04 AID-05  
OMB-01 /086 R

DRAFTED BY NEA/RA:DTMORRISON:JR

APPROVED BY NEA:SSOBER

NEA/RA:SEPALMER,JR.

NEA/ARN:DREUTHER

L/NEA:DSMALL

EB:AWATSON

USDOC:JHEARN

TREAS:RMUNK

JUSTICE:DMARBLESTONE

-----041441Z 018983 /47

R 040100Z MAR 77

FM SECSTATE WASHDC

TO USINT BAGHDAD

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY ATHENS

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY SANA

AMEMBASSY TRIPOLI

C O N F I D E N T I A L STATE 048019

E.O. 11652: GDS

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TAGS: ETRD

SUBJECT: ARAB BOYCOTT

REF: (A) BAGHDAD 286 (NOTAL), (B) STATE 32732,  
(C) MANAMA 267 (NOTAL), (D) STATE 43693, (E) STATE 43697

1. UNDER EXISTING EXPORT ADMINISTRATION ACT REGULATIONS, BOYCOTT REQUESTS FOR INFORMATION OR ACTION MUST BE REPORTED TO THE DEPARTMENT OF COMMERCE. SINCE OCTOBER 7, SUCH REPORTS WITH ANY PROPRIETARY ASPECTS DELETED ARE AVAILABLE TO THE PUBLIC.
2. UNDER TAX REFORM ACT ANTI-BOYCOTT PROVISIONS, AGREEMENTS TO REFUSE TO DEAL WITH BOYCOTTED COUNTRY OR ANOTHER U.S. PERSON MADE AS BOYCOTT-RELATED CONDITION OF DOING BUSINESS ARE DEEMED COOPERATION WITH OR PARTICIPATION IN BOYCOTT ACTIVITIES AND RESULT IN LOSS OF TAX CREDIT, DISC, AND OTHER TAX DEFERRAL BENEFITS.
3. UNDER SHERMAN ANTITRUST ACT, ONE U.S. FIRM COULD NOT AGREE TO REFUSE TO DEAL WITH ANOTHER U.S. FIRM PURSUANT TO FOREIGN BOYCOTT REQUIREMENT WHERE SUCH REFUSAL WOULD IMPACT ON U.S. COMMERCE.
4. OF THE EIGHT QUESTIONS LISTED IN PARA 2 OF REF A, FIRST SIX ON THEIR FACE INDICATE BOYCOTT-RELATED NATURE OF REQUEST--MAKING RECEIPT OF ANY SUCH REQUEST THE SUBJECT OF MANDATORY REPORT TO USDOC BOTH AS TO RECEIPT OF REQUEST AND SUBSEQUENT ACTION TAKEN ON IT. ALTHOUGH QUESTIONS 7 AND 8 DO NOT MENTION NAME OF BOYCOTTED COUNTRY OR OTHERWISE INDICATE ON THEIR FACE A BOYCOTT-RELATED INTENT, THEIR INCLUSION IN SET OF QUESTIONS DIRECTED AT BOYCOTT ENFORCEMENT OR SEPARATE USE IN CIRCUMSTANCES WHICH MADE CLEAR THE BOYCOTT INTENT (E.G., IN INQUIRY FROM LOCAL OR CONFIDENTIAL

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CENTRAL BOYCOTT OFFICE OR WHERE RECIPIENT INFORMED OF BOYCOTT PURPOSE) WOULD YIELD SAME REQUIREMENT VIS-A-VIS REPORT REQUIREMENTS OF USDOC. SINCE EACH QUESTION ASKS FOR INFORMATION RE PAST OR CURRENT BUSINESS PRACTICES OR TRANSACTIONS, RESPONSES WOULD NOT BE VIEWED PER SE AS PARTICIPATION OR COOPERATION UNDER PRESENT TAX REFORM ACT REGULATIONS; NOR WOULD REPORT TO USDOC BE REFERRED TO JUSTICE FOR POSSIBLE INVESTIGATION OF ANTITRUST VIOLATION.

5. WE ARE PUZZLED THAT GOVERNMENT OF IRAQ OR OTHER ARAB GOVERNMENTS MIGHT VIEW USE OF THESE EIGHT QUESTIONS AS MEANS OF ACCOMMODATING U.S. CONCERNS ABOUT INVOLVEMENT OF U.S. FIRMS IN BOYCOTT ENFORCEMENT PRACTICES. INDIVIDUAL ARAB COUNTRIES WHICH HAVE SOUGHT TO ACCOMMODATE SUCH CONCERNS SEEM GENERALLY TO HAVE MOVED TOWARD ACCEPTANCE OF NORMAL EXPORT AND CONTRACT DOCUMENTATION (I.E., POSITIVE DESCRIPTIONS OF ORIGIN AND MANUFACTURER OF GOODS, GENERAL APPLICABILITY OF HOST-COUNTRY LAWS TO TRANSACTIONS IN THOSE COUNTRIES, GENERAL INQUIRIES CONCERNING A FIRM'S

SIZE/FINANCING/OVERSEAS EXPERIENCE, PRECAUTIONARY LANGUAGE ON SHIPPING TO AVOID RISK OF CONFISCATION IF GOODS WERE SHIPPED ON VESSELS OR VIA PORTS OF UNFRIENDLY COUNTRIES).

6. AS INDICATED REFS D AND E, WE HAVE NO INTENT TO CONFRONT BOYCOTTING COUNTRIES OVER THEIR RIGHT TO DECIDE WHAT GOODS OR SERVICES THEY EXCLUDE UNDER THEIR LAWS AND REGULATIONS. AT SAME TIME, WE ARE VERY MUCH CONCERNED ABOUT THE INVOLVEMENT OF U.S. FIRMS IN BOYCOTT ENFORCEMENT THROUGH USE OF BOYCOTT CERTIFICATIONS. U.S. FIRMS, OF COURSE, HAVE CONSIDERABLE RELUCTANCE TO BE DRAWN INTO USE OF CONTRACT LANGUAGE, EXPORT DOCUMENTATION, BOYCOTT CORRESPONDENCE WHICH TAKES THEM OUT OF NORMAL APOLITICAL COMMERCIAL PATTERN OF BUSINESS DEALINGS AND RISKS CONTRAVENTION OF U.S. POLICY OR LAW, VIOLATION OF VARIOUS STATE ANTI-BOYCOTT LEGISLATION, AND COUNTER-PRESSURES FROM PRIVATE GROUPS.  
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7. INQUIRIES CONCERNING BUSINESS DEALINGS WITH ISRAEL OR OTHER TYPES OF BOYCOTT CERTIFICATIONS WILL CONTINUE TO CAUSE SERIOUS PROBLEMS FOR U.S. FIRMS.

8. BETTER APPROACH, PENDING ARAB DISCONTINUANCE OF SECONDARY BOYCOTT PRACTICES, WOULD BE FOR BOYCOTTING COUNTRIES TO ACCEPT FROM ALL U.S. FIRMS NORMAL BUSINESS DOCUMENTATION IN GENERAL USE FOR INTERNATIONAL TRANSACTIONS. TO RELY INSTEAD UPON SO-CALLED WHITE LIST OF ACCEPTED FIRMS WOULD DENY BOYCOTTING COUNTRIES ACCESS TO BEST SUPPLIES OF GOODS/SERVICES AT LOWEST PRICES/EARLIEST DELIVERY DATES AND STIR RESENTMENT ON PART OF MANY EXCLUDED U.S. FIRMS.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** 77 BAGHDAD 286, 77 STATE 32732, 77 MANAMA 267, 77 STATE 43693, 77 STATE 43697  
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**Review Withdrawn Fields:** n/a  
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**TAGS:** ETRD, XF  
**To:** BAGHDAD  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
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